

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Freeport State Bank

Point of Contact:	Patrick A. Kerschen	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	470	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	301,000	FDIC Certificate Number: (For Depository Institutions)	18067
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Harper
Date Repaid ¹ :	N/A	State:	Kansas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The Freeport State Bank was planning on the funds to increase lending, but we have stayed the same. The one thing that it has helped us on is being able to lend more to our larger borrowers.

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☒ To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

The funds have helped with our agricultural customers the most.

☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

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☐
Increase reserves for non-performing assets.

☐
Reduce borrowings.

☐
Increase charge-offs.

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☐ Purchase another financial institution or purchase assets from another financial institution.

☒ Held as non-leveraged increase to total capital.

The increase in capital did help with the increase in deposits for 2011, with the oil and gas lease boom that happened in Harper County.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

With the capital infusion, the Freeport State Bank was able to grow and handle the extra deposit base that came about by the oil and gas lease boom. The bank is also hopeful that this oil and gas lease boom will lead to more commercial and consumer lending as there is abundantly more activity in the area.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The capital infusion help increase our lending limit to help our larger loan customers.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.